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SUBJECT: EXPORT ZONE CHAIRMAN OUTLINES PLANS FOR DEALING  
WITH WORKER UNREST AND GOALS FOR FUTURE

REF: A. A. DHAKA 4412

[1](#)B. B. DHAKA 5061

[1](#)1. (U) Summary. Economic officers visiting the Bangladesh Export Processing Zone Authority (BEPZA) on 27 August were surprised to find themselves meeting with BEPZA Executive Chairman, Brigadier General Ashraf Abdullah Yussuf, for over forty minutes instead of the head of BEPZA's statistics office that they had gone to meet. On the job for only two and a half months, General Ashraf appeared keen to inform econoffs of the new initiatives he is undertaking to address investor concerns, worker grievances, and the future of the EPZs. End Summary.

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An Army Man in An Economic Role  
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[1](#)2. (U) Dressed in crisp camouflage BDU's with four rows of ribbons over the left pocket, Ashraf offered that he had at first been disappointed to learn of his assignment to head a civilian organization, but was warming to the job and is now glad for the opportunity to "do something for the economic well-being of my country." When offered the chance to expand on why an army officer would be placed in charge of an organization like BEPZA, he opined that BEPZA was too important to the country's economy to be left to the normal bureaucratic process, so the government had turned to the Army as the one organization in the country that could instill discipline and order in an organization. Army officer presence also reassured foreign investors that they would get a fair deal and Army officers had more credibility than bureaucrats with the workforce because of their experience dealing with soldiers who came from backgrounds similar to EPZ workers.

[1](#)3. (U) Continuing on the theme of the importance that the government assigned to the EPZs, Ashraf emphasized that BEPZA was functionally located within the Prime Minister's Office (PMO) and that the Principal Secretary to the PMO was one of the Executive Board members, giving him a much shorter chain of command for approval of new programs than most other government agencies.

[1](#)4. (U) Ashraf did not appear concerned with the upcoming elections and did not think his plans and programs would be much affected by their outcome. He suggested that the major political parties knew how important the EPZs were for economic growth and had little to gain from meddling with them. "We are dealing here with foreign investors," he said stressing the word foreign. (Note: Not all of the EPZ

enterprises are foreign. According to figures he provided us, 24 percent of the enterprises are domestically owned and 15 percent are joint ventures; but we take his point).

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Training Is The Answer  
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15. (U) Ashraf spent much of the meeting discussing the repercussions of the recent disturbances in the Dhaka Export Processing Zone (REFS A and B), which he appears to have taken to heart. He seemed determined to force BEPZA as an organization to step-up to its role as arbitrator between workers and management. He appeared genuinely surprised to have learned from his investigations that there were workers grievances that had merit and that some factory operators were ducking their legal obligations on pay and benefits to the workforce. On the other hand, he was concerned with the violent turn that the protests had taken which could damage BEPZA's and Bangladesh's efforts to attract and retain foreign investors and the low level of understanding on the part of the workers on appropriate ways to express grievances and take collective action.

16. (U) To address the current unrest, he was implementing a trilateral training program to refresh factory managers on their responsibilities toward labor, to educate the workers on how to constructively express their grievances and remind them of their responsibilities, and to strengthen the understanding of BEPZA's staff in their role in enforcing workers' and managements' rights rights and duties. To underscore his personal commitment to the new program and to reinforce econoffs impression that he was a "hands-on" type of manager, he stated enthusiastically that he would be in

DHAKA 00005515 002 OF 002

DEPZ-Savar overseeing one of the training programs on 30 August.

17. (SBU) To improve security for the investors and to keep BEPZA officials better apprised of what was happening on the shop floor, Ashraf had implemented a system of sending teams of "counselors" to the factories on a recurring basis (he mentioned every fifteen days) to check on whether investors and workers were living up to their responsibilities. The counselor teams were also empowered to resolve some issues on the spot. According to Ashraf, the project had been successful enough to attract World Bank attention as a possible model for other countries. Of more concern, he stated that he had proposed to the government the creation of a separate industrial police force with an intelligence arm that would operate in the EPZs "to find out what the workers are really thinking." Econoffs were unable to get Ashraf to elaborate how this intelligence arm would function, whether as a simple sounding board or more covertly through informants.

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Long-term Plans  
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18. (U) Over the longer term, Ashraf emphasized his determination to improve the delivery of services to the investors in the EPZs and that meant more training for the BEPZA staff in customer service and customer relations. His plan to reorganize BEPZA had been approved recently and would expand BEPZA's authority over import and export approvals for the factories to bring BEPZA closer to the ideal of being a one-stop service center for all investor needs. Farther down the road, Ashraf stated that the government eventually wanted to reorganize the EPZs along product specialization lines to improve efficiencies and reduce costs.

19. (U) A major medium term priority for Ashraf was to encourage the development of the existing Workers Representation and Welfare Committees (WRWC) into responsible

organizations for collective action for labor. "Right now," he said, "the WRWCs are good at forwarding demands of every worker, but not so good at enforcing discipline on their memberships." He continued that forwarding the demands of every worker wasn't an effective way of presenting grievances, either, and implied that the WRWCs needed training in aggregating, vetting, and presenting demands.

¶10. (U) Ashraf was keenly aware of how competitive the international environment had become and intended to continue to send BEPZA officials abroad for fact-finding trips to observe how competing countries such as Malaysia and Vietnam were attracting investment.

¶11. (U) Ashraf stated that the EPZ-era was coming to an end. The EPZs had done their job of proving to international investors that Bangladesh was a place they could locate and prosper, so no further zones were planned. When the current zones fill up, no other firms would be allowed in. Instead, the government was shifting its emphasis toward "investment zones" which would still be investor friendly but grant fewer financial concessions.

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